

CITY OF SAN JOSE COYOTE VALLEY SPECIFIC PLAN TASK FORCE

Coyote Valley Specific Plan Affordable Housing Program

Narrative

A. Affordability Goals

The CVSP shall have affordability goals for Moderate, Low-, Very Low- and Extremely Low-Income units coinciding with the production goals as follows:

Affordability Level	Rental Goals 80%	Ownership Goals 20%	TOTAL
ELI	1,500		1,500
VLI	1,400	100	1,500
LI	1,100	250	1,350
MOD		650	650
Totals	4,000	1,000	5,000

The affordability goals are targets that serve as the benchmark for success toward achieving the economic integration envisioned for a healthy community. ELI targets may be especially difficult to achieve due to a greater subsidy requirement and the availability of adequate subsidy, though are especially important to ensure availability of affordable housing for all income levels.

B. Meeting the Affordable Housing Requirement in the CVSP

The overall goal of providing a minimum of 5,000 units of affordable housing in Coyote Valley will be met as follows:

1. Land Bank and In-lieu Fee Contribution - All 2,900 VLI and ELI rental units and 600 LI rental units shall be provided for through the creation of a "land bank" of 88 acres of dedicated land suitable for rental development. In addition, 5 - 7 acres of land shall be dedicated for the creation of 100 units of for-sale housing affordable to very-low income households, preferably by nonprofit developers through "self-help", "sweat equity" or other similar programs. Sites dedicated will be placed into a Land Bank that will be administered by the City, with land made available to affordable housing developers. The sites that are dedicated will be consistent with affordable housing design principles and location criteria determined through the CVSP planning process and implemented by phase. The land will be subject to the proportionate share of assessments and fees resulting from the CVSP process.

In addition, developers of market rate developments will be required to pay in-lieu fees totaling approximately \$70 million, which in combination with the dedication of land, is estimated to provide sufficient subsidy to fund 3,500 affordable rental units targeted to low and very low income

households. Fees will take into account present value, i.e. the amount of contributions will be indexed over time. Fees will be established to reflect variations in density, type and cost of market rate housing, and will be scaled to ensure that no economic disincentive is created for the construction of market rental units. Contributions will be “front-loaded” to allow for early development of fully affordable projects. Fees will be required to be paid with issuance of the final map.

2. Inclusionary – 900 LI and MOD ownership units will be met by directly incorporating the units into market rate developments (referred to as "inclusionary units"). In addition, 500 LI rental units will be inclusionary. The specific percentage inclusionary requirement for any individual market rate project will be established by the City based on the expected number and type (i.e. rental v. ownership) of market rate units at the beginning of each phase. [Generally, it is presently estimated that 21,400 of units in Coyote Valley will be subject to the inclusionary requirement, of which 16,050, or 75%, is estimated to be for-sale. To realize the aforementioned 900 inclusionary for-sale units for LI and MOD, the requirement for each project would be approximately 6% (900/16,050). Similarly, it is estimated that 5,350 units will be rental housing, of which 500 would be inclusionary rental units. The inclusionary requirement for each rental project, then, would be approximately 9% (500/5,350).] Within each phase, developers may combine or “trade” their inclusionary obligations. To achieve the City’s goal of promoting economic integration through the inclusionary requirement, however, no individual market rate project should have greater than 25% of its units as affordable.
3. In summary, the 5,000 affordable units in Coyote Valley will be provided as follows:

Affordability Level	Rental Goals 80%	Ownership Goals 20%	TOTAL
ELI	1,500 (dedication)	n/a	1,500
VLI	1,400 (dedication)	100 (dedication)	1,500
LI	600 (dedication); 500 (inclusionary)	250 (inclusionary)	1,350
MOD	n/a	650 (inclusionary)	650
Totals	3,500 (dedication); 500 (inclusionary)	900 (inclusionary); 100 (dedication)	5,000

C. Implementation

1. Phasing of Affordable Units

The CVSP shall have an Affordable Housing Phasing Plan that coincides with the phasing of the development of the CVSP. The plan shall provide measures to evaluate progress at each phase of development of the CVSP to ensure that the affordable rental and ownership housing goals are being achieved, on a cumulative basis, and to assess progress toward achieving income target goals. The plan shall provide for flexibility in making modifications over time to adapt to changes in funding programs, economic conditions and legislation.

2. Design and Location Standards

Land to be contributed to the Land Bank will be pre-identified through the CVSP planning process and incorporated into the CVSP Land Use Plan and Zoning Plan. Affordable housing units in the CVSP shall be designed as to be indistinguishable from market rate units and located in market rate

developments or on sites comparable to market rate developments in accordance with the affordable housing design principles and location criteria established for the CVSP.

3. Availability of City of San Jose Affordable Housing Subsidies in the CVSP

- a) Funding for affordable housing in the CVSP shall only be available for deepening affordability (i.e., the difference between the cost of subsidizing a VLI unit and an ELI unit).
- b) City funds used for ELI units in the Coyote Valley shall be made available through a competitive process with other areas of the City and shall be limited to no more than 20% of City funding available for affordable housing subsidy City-wide.

4. Developer Requirements

Developers will be required to make a contribution of land, units and/or fees equal to an amount that is proportionate with their overall development. Each landowner's "fair share" of this requirement would be calculated and a credit/debit balance established. A valuation methodology would also be established for dedicated land to determine equivalency with payment of fees. These contributions would probably be established through the creation of a Community Facilities District or similar program.